

RECORDATION NO. 25052 FILED

JUL 09 '04 3-21 PM

SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

July 1, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Head Lease, dated as of July 9, 2004, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Head Lessor:	The Clearwater Partnership, LLP c/o Revival Leasing Limited P. O. Box 1093 GT Queensgate House South Church Street Grand Cayman Cayman Islands
Head Lessee:	North America Rail Leasing #32 LLC (d/b/a Babcock & Brown Rail Leasing) 230 Park Avenue, 32nd Floor New York, New York 10169 Attention: Rail Operating Lease Group

Mr. Vernon A. Williams
July 1, 2004
Page 2

A description of the railroad equipment covered by the enclosed document is:

1,579 railcars within the following series:

BCOL 873600 – BCOL 873649
BNSF 728225 – BNSF 728399
CEFX 60360 - CEFX 60719
EJE 7400 – EJE 7499
EXEX 640000 – EXEX 640109
FLIX 3500 – FLIX 3899
NORX 4300 – NORX 4359
TIMX 62000 – TIMX 62044

A short summary of the document to appear in the index is:

Memorandum of Head Lease.

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

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EXECUTION VERSION
SURFACE TRANSPORTATION BOARD

MEMORANDUM OF HEAD LEASE

THIS MEMORANDUM OF HEAD LEASE is dated as of July 9, 2004, made by The Clearwater Partnership, LLP, a Delaware limited liability partnership (the "Head Lessor") and North America Rail Leasing #32 LLC (d/b/a Babcock & Brown Rail Leasing), a Delaware limited liability company (the "Head Lessee") and, together with the Head Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Head Lessor and the Head Lessee entered into that certain Railcar Lease Agreement (INTOL II Interim Restructuring) dated as of the date hereof (as amended, supplemented and modified, the "Head Lease") covering the equipment listed on Exhibit A hereto (the "Equipment");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Head Lease, and the respective interests therein of the Parties, including, but not limited to, the leasehold interest of the Head Lessee in the Equipment, and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

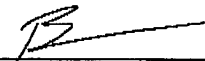
NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, by this instrument the Head Lessor hereby leases and confirms the lease of the Equipment to the Head Lessee in accordance with the terms and conditions of the Head Lease, and the Head Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

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STB
COPY

IN WITNESS WHEREOF, this instrument has been duly executed by the Parties
hereto as of the date first above written.

NORTH AMERICA RAIL LEASING #32 LLC
(d/b/a BABCOCK & BROWN RAIL LEASING),
as the Head Lessee

By: 
Name: Bruce Carusi
Title: Vice President

THE CLEARWATER PARTNERSHIP, LLP, as
the Head Lessor

By: Revival Leasing Limited, its General Partner

By: _____
Name:
Title:

MEMO OF HEAD LEASE

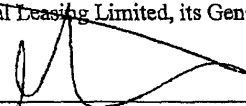
IN WITNESS WHEREOF, this instrument has been duly executed by the Parties
hereto as of the date first above written.

NORTH AMERICA RAIL LEASING #32 LLC
(d/b/a BABCOCK & BROWN RAIL LEASING),
as the Head Lessee

By: _____
Name:
Title:

THE CLEARWATER PARTNERSHIP, LLP, as
the Head Lessor

By: Revival Leasing Limited, its General Partner

By:  _____
Name: Guy Major
Title: Director

MEMO OF HEAD LEASE

State of New York)

)

County of New York)

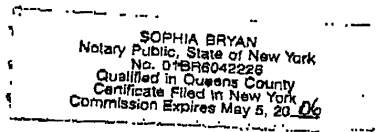
On this, the 30th day of June, 2004, before me, a Notary Public in and for said County and State, personally appeared Bruce Carusi, a Vice President of North America Rail Leasing #32 LLC (d/b/a Babcock & Brown Rail Leasing), who acknowledged himself to be a duly authorized officer of North America Rail Leasing #32 LLC (d/b/a Babcock & Brown Rail Leasing), and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal on the date above mentioned.

Name: Sophia Bryan
Notary Public

My Commission Expires: May 5, 2006


Residing in: New York, NY



MEMO OF HEAD LEASE

On this, the 18th day of June, 2004, before me, a Notary Public in and for the Cayman Islands, personally appeared Guy Major, who acknowledged himself to be a duly authorized person of the General Partner of The Clearwater Partnership, LLP, and that, as such duly authorized person, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.


Name: Wendy Ebanks
Notary Public

My Commission Expires: 31 January, 2005

Residing in: Cayman Islands




Exhibit A

EQUIPMENT

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
The Burlington Northern and Santa Fe Railway Company #1	174	Boxcars	BNSF 728225-728399, inclusive	BNSF 728265
BC Rail Partnership	47	Centerbeam Flatcars	BCOL 873600-873614, inclusive; 873616-873634, inclusive; 873636-873639, inclusive; and 873641-873649, inclusive	None
The Burlington Northern and Santa Fe Railway Company #2	359	Aluminum Coal Hoppers	CEFX 60360-60719, inclusive	CEFX 60527
AT Plastics, Inc.	27	Covered Hoppers	TIMX 62013, 62014, and 62020-62044, inclusive	None
AT Plastics Corporation	18	Covered Hoppers	TIMX 62000-62012, inclusive; and 62015-62019, inclusive	None
Northern Indiana Public Service Company	357	BethGon Coalporters	NORX 4000-4359, inclusive	NORX 4174, 4214 and 4244
Elgin, Joliet and Eastern Railway Company	100	Covered Coil Cars	EJE 7400-7499, inclusive	None

<u>Lessee</u>	<u># of Cars</u>	<u>Unit Type</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
Exelon Generation Company, LLC	107	Aluminum Gondolas	EXEX 640000- 64010-9, inclusive	EXEX 640007, 640036 and 640052
Union Pacific Railroad Company	390	Covered Hoppers	FLIX 3500, 3501, 3503, 3505-3550, inclusive; 3552- 3613, inclusive; 3615-3768, inclusive; 3770- 3856, inclusive; 3858-3864, inclusive; and 3886-3899, inclusive	FLIX 3725, 3874 and 3898

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: July 2, 2004

Edward M. Luria
Edward M. Luria